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Closer contact can be established between producer and buyer if:

1. The production enterprise is permitted to conclude agreements with foreign buyers:
2. No sales agreement is permitted to be made without the approval of the producer concerned; insofar as anybody is authorized by the producer to sell his goods, this can be done only on behalf of the producer.
3. Direct contact is established between the producer and the foreign buyer.
4. The producer is permitted to have full control over his export goods at every step up to the moment of delivery to the buyer.
5. Correct information about the situation on the foreign market is made available to the producer.

The above can be accomplished by establishing in economic associations special sales agencies or export enterprises, which would assure uniformity in all dealings with foreign buyers. Such enterprises would assure that all goals were met, especially the goal of bringing production enterprises closer to foreign buyers. They would sell goods on behalf of the production enterprise and in its name, and mediate in direct commercial negotiations between production enterprises and foreign buyers. Export enterprises would coordinate the work of producer-exporters in other matters, such as the chartering of shipping space, the handling of goods in harbor warehouses, etc. Production enterprises would be able to familiarize themselves with selling procedures, policies, and conditions in world markets, for they would be participating in sales, either directly with foreign buyers or through export enterprises. This would be facilitated by establishing an advisory body of representatives from all participating production enterprises. This would induce producers not to stockpile their goods in warehouses, and would encourage them to expedite the processing and shipment of goods in strict compliance with the terms of contracts, to forward properly executed bills on time, and to secure necessary shipping space in advance.

At present, lumber storage areas in harbors are under the administration of the harbor directorates or administrations, which handle lumber on behalf of exporters from the moment it is unloaded from freight cars to the time it is loaded aboard ship, but the receiver of the freight cars is the "Transjug" (Yugoslav Transport) Enterprise. Certain work which is part of the technological process of production (binding, marking, and preservation) is done in handling areas, but the harbor administration authorities have not been able to take care of it. When the producer-exporter surrenders his lumber, he has nothing to say about the way it is handled after it leaves his hands, although he continues to bear the full responsibility toward the buyer and has often had to pay damage claims. Under these conditions it has been difficult to determine who is actually responsible when a purchaser has complained, and the exporter has usually had to suffer the consequences. This situation has very often been exploited by production enterprises, which, in order to fulfill their plans, have shipped lumber which did not meet export requirements in its processing, quality, etc., thus creating trouble at handling areas. In Rijeka, handling areas have been filled with many thousands of cubic meters of old lumber in space badly needed for other goods. Quite often, shipments have not corresponded to shipping invoices in regard to quantity, dimensions, and quality. (Of 234 carloads of lumber to be loaded on one ship, only 74 carloads or 32 percent met export requirements.) Such behavior on the part of producers has greatly hampered orderly work at harbor warehouses, for an enormous quantity of rejected lumber has accumulated and taken up space that was already at a premium. Meanwhile, lumber industry managements in the republics and export enterprises have been unable to stop such behavior, since their agents in the harbors were discovering deficiencies too late, and had no power to correct deficiencies in production enterprises.

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The request of producer-exporters to administer harbor lumber storage areas is justified, for it will permit them to supervise and correct the work of individual production enterprises, handle goods properly, and reduce buyers' complaints. It will also provide the best way of seeing how each production enterprise is processing its goods, fulfilling planned assignments, and adhering to rules as planned. These handling spaces would belong to export enterprises and would handle lumber in the name of associated producers. It would not matter whether export enterprises did all the work at harbors with their own organizations and labor force, or whether they handed over some of the work to specialized enterprises. Export enterprises would bear all the responsibility, but special agreements could be drawn up defining the responsibilities of specialized enterprises.

Middlemen between producer-exporters and shipowners in the chartering of shipping space would not be necessary. Every contract for shipping space would be signed by the export enterprise, representing the production enterprise and by the "Jugoagentija" Enterprise, representing the domestic and foreign shipping companies. To date, exporters have not been directly bound by contracts with shipping companies. There have been cases where cargo was not ready to be loaded on time and a fine had to be paid by the "Transjug" Enterprise, which was the signer of the contract, unless it saved the situation by shipping other cargo to replace the originally scheduled cargo. Because exporters anticipated that in case of delay something else would be shipped, and because they were not held responsible, they failed to deliver cargo on time, thus causing shipping difficulties.

The fulfillment of the export plan and the actual sale of lumber are the responsibility not only of economic associations and export enterprises, but are primarily the responsibility of production enterprises. That is why the relationship of production enterprises to lumber export must be changed and the fulfillment of production plans considered in the light of export plans. Heretofore, production enterprises have been concerned solely with fulfilling the production plan; whether export quotas were met and how they were met were problems with which they did not concern themselves. In 1950, the General Directorate of the Lumber Industry of Croatia fulfilled the fir lumber production plan 104 percent but the export plan only 79 percent, and the General Directorate of the Lumber Industry of Slovenia fulfilled its production plan 94 percent and its export plan 90 percent. Contracts were not fulfilled on time; export goods were of inferior quality, were poorly processed, and were packed unskillfully and carelessly.

Production enterprises should enter into contracts and assume all the rights and obligations ensuing.

By fulfilling the export plan, production enterprises will secure the funds needed for the import of needed materials. By exceeding the export plan, they will receive the additional funds created thereby, which will be a great incentive. Production enterprises will no longer be dependent on others for foreign exchange to pay for imported goods, but will have financial means available in proportion to their efficiency in fulfilling the export plan.

The organizational and commercial measures outlined above could not be perfected unless the "Jugodrvo" Enterprise is reorganized into an organization of economic associations of lumber enterprises which will include all the lumber exporters of Yugoslavia. Its principal function, which it would carry out through an administrative council, would be to direct and coordinate the sales policy of its members, the lumber exporters. This would guarantee a uniform policy with respect to sales abroad, and would eliminate internal competition and violation of foreign exchange regulations. It would eliminate cases like the one in which the "Slovenia lesa" /Slovene Wood/ Enterprise sold fir lumber in Syria which should have exported to Egypt to take care of obligations there. The present

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foreign representatives of the "Jugodryo" should remain at their posts abroad and continue their activity for the benefit of all its members. Through these representatives, the foreign press, commercial attaches, and other sources, the "Jugodryo" would have excellent opportunities to secure information on lumber demand and prices, and have its efforts directed toward watching the market and keeping its members informed of new developments.

One of the most important technical problems in the lumber export business is the absence of a uniform classification system. The processing and grading of export goods is sometimes very poor.

The way export goods are prepared has a great effect on their price. Inferior-grade lumber properly prepared for shipment (properly marked, properly bound, etc.) fetches a higher price than higher quality lumber poorly prepared. An inter-republic classification information system should be set up so one republic's experience can be passed on to other republics. It will thus be possible to insure the standardization of export assortments, and eliminate all shortcomings in the processing and preparation of lumber for export.

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